

HB

55



Alaska State Legislature

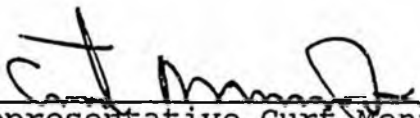
HOUSE OF REPRESENTATIVES
COMMITTEE ON RESOURCES

POUCH V
JUNEAU, ALASKA 99811
(907) 468-3718

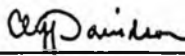
Letter of Intent
for
CS HB 55 (RES)

Letter of Intent

It is the intent of the legislature that the administration examine the possibilities of moving all or a portion of the responsibility for the underground injection control (UIC) program from the Alaska Oil and Gas Conservation Commission to the Department of Environmental Conservation by Executive Order or examine the possibility of accomplishing this function through an inter-agency agreement. It is the intent of the legislature that the agency/agencies with control over the program conduct sufficient inspections of the types of substances being injected and provide for adequate public participation during all phases of the UIC program. It is further the intent of the legislature that the agency/agencies assigned the responsibility be best suited to protect Alaska's ground water.



Representative Curt Menard
Co-Chairman



Representative Cliff Davidson
Co-Chairman

Original sponsor: Rules/Governor

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 55 (Res)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Oil and Gas Conserva-
7 tion Commission; changing a court rule, Rule 732 of
8 the Uniform Rules of Criminal Procedure, adopted by
9 the Alaska Supreme Court under its constitutional
10 rule-making authority; and providing for an effective
11 date."

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

13 * Section 1. AS 31.05.027 is amended to read:

14 Sec. 31.05.027. LAND SUBJECT TO COMMISSION'S AUTHORITY. The
15 authority of the commission applies to all land in the state lawfully
16 subject to its police powers, including [. IT APPLIES TO] land of the
17 United States and [OR TO] land subject to the jurisdiction of the
18 United States [ONLY TO THE EXTENT THAT CONTROL AND SUPERVISION OF
19 CONSERVATION OF OIL AND GAS AND PREVENTION OF WASTE BY THE UNITED
20 STATES ON ITS LAND FAILS TO CARRY OUT THE INTENT AND PURPOSES OF THIS
21 CHAPTER, AND OTHERWISE APPLIES TO FEDERAL LAND SO FAR AS AN OFFICER OF
22 THE UNITED STATES HAVING JURISDICTION, OR AN AUTHORIZED REPRESENTA-
23 TIVE, SHALL APPROVE ANY OF THE PROVISIONS OF THIS CHAPTER OR ORDERS
24 OF THE COMMISSION WHICH AFFECT LAND]. The authority of the commission
25 further applies to all land included in a voluntary cooperative or
26 unit plan of development or operation entered into in accordance with
27 AS 38.05.180(p).

28 * Sec. 2. AS 31.05.070(a) is amended to read:

29 (a) The commission may summon witnesses, administer oaths, and

1 require the production of records, books, and documents for examina-
2 tion at a hearing or investigation conducted by it. [A PERSON MAY NOT
3 BE EXCUSED FROM ATTENDING AND TESTIFYING, OR FROM PRODUCING BOOKS,
4 PAPERS AND RECORDS BEFORE THE COMMISSION OR A COURT, OR FROM OBEDIENCE
5 TO THE SUBPOENA OF THE COMMISSION OR A COURT, ON THE GROUND OR FOR THE
6 REASON THAT THE TESTIMONY OR EVIDENCE, DOCUMENTARY OR OTHERWISE,
7 REQUIRED OF THAT PERSON MAY TEND TO INCRIMINATE OR SUBJECT THAT PERSON
8 TO A PENALTY OR FORFEITURE.] This section does not require a person
9 to produce books, papers, or records, or to testify in response to an
10 inquiry not pertinent to a [SOME] question lawfully before the commis-
11 sion or court for determination. If a witness claims the privilege
12 against self-incrimination, the commission may request the attorney
13 general to apply to the superior court under AS 12.50.101 for an order
14 compelling testimony [A NATURAL PERSON IS NOT SUBJECT TO CRIMINAL
15 PROSECUTION OR TO A PENALTY OR FORFEITURE FOR OR ON ACCOUNT OF ANY
16 TRANSACTION, MATTER OR THING CONCERNING WHICH, IN SPITE OF OBJECTION,
17 THAT PERSON MAY BE REQUIRED TO TESTIFY OR PRODUCE EVIDENCE, DOCUMEN-
18 TARY OR OTHERWISE, BEFORE THE COMMISSION OR COURT, OR IN OBEDIENCE TO
19 ITS SUBPOENA. HOWEVER, A PERSON TESTIFYING IS NOT EXEMPT FROM PROSE-
20 CUTION AND PUNISHMENT FOR PERJURY COMMITTED IN SO TESTIFYING].

21 * Sec. 3. AS 31.05.150(a) is amended to read:

22 (a) A person who [WILFULLY] violates a provision of this chap-
23 ter, or a regulation or order of the commission adopted under this
24 chapter, is liable for [SUBJECT TO] a civil penalty of no [NOT] more
25 than \$5,000 a day [\$1,000] for each day [ACT] of violation [AND FOR
26 EACH DAY THAT THE VIOLATION CONTINUES], unless the penalty for viola-
27 tion is otherwise provided for and made exclusive in this chapter.

28 * Sec. 4. AS 31.05.150(b) is amended to read:

29 (b) A [IF A] person who, for the purpose of evading this chapter

1 [.] or any regulation or order of the commission adopted under this
2 chapter, knowingly commits an act specified in AS 11.46.630(a) is
3 guilty of a class A misdemeanor [WILFULLY MAKES OR HAS MADE A FALSE
4 ENTRY IN A RECORD, ACCOUNT OR MEMORANDUM REQUIRED BY THIS CHAPTER, OR
5 BY A REGULATION OR ORDER, OR WILFULLY OMITTS, OR CAUSES TO BE OMITTED,
6 FROM A RECORD, ACCOUNT OR MEMORANDUM, FULL, TRUE AND CORRECT ENTRIES
7 AS REQUIRED BY THIS CHAPTER, OR BY A REGULATION OR ORDER, OR REMOVES
8 FROM THE STATE OR DESTROYS, MUTILATES, ALTERS OR FALSIFIES SUCH RE-
9 CORD, ACCOUNT OR MEMORANDUM, THE PERSON IS GUILTY OF A MISDEMEANOR,
10 AND UPON CONVICTION IS PUNISHABLE BY A FINE OF NOT MORE THAN \$5,000,
11 OR BY IMPRISONMENT IN JAIL FOR NOT MORE THAN SIX MONTHS, OR BY BOTH].

12 * Sec. 5. AS 31.05.150 is amended by adding a new subsection to read:

13 (f) A person who knowingly violates a regulation or order of the
14 commission is guilty of a misdemeanor punishable by a fine of no more
15 than \$5,000 a day for each day of violation.

16 * Sec. 6. Section 2 of this Act has the effect of changing Rule 732 of
17 the Uniform Rules of Criminal Procedure, adopted by the Alaska Supreme
18 Court in State v. Serdahely, 635 P.2d 1182 (Alaska 1981). It changes the
19 immunity granted a witness for compelled testimony from "transactional"
20 immunity to "use" immunity.

21 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).
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go0679hE
Chenoweth
4/3/89

Original sponsor: Rules/Governor

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2 CS FOR HOUSE BILL NO. 55 ()

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20 immunity to "use" immunity.

21 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).
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A M E N D M E N T

OFFERED IN THE HOUSE

BY MENARD

TO: DRAFT CSHB 55()

Page 1, line 7, after "Commission":

Insert ", and transferring its responsibility for reinjected water to the Department of Environmental Conservation"

Page 3, following line 15:

Insert new bill sections to read:

"* Sec. 6. AS 46.03.100(d) is amended to read:

(d) This section does not apply to injection projects permitted under AS 46.03.055 [AS 31.05.030(h)].

* Sec. 7. AS 46.03 is amended by adding a new section to read:

Sec. 46.03.055. REINJECTED WATER. (a) The department may take all actions necessary to allow the state to acquire primary enforcement responsibility under 42 U.S.C. 300h-4 (Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300f-300j) for the control of underground injection related to the recovery and production of oil and natural gas.

(b) The commissioner may not deny public access to information that is required to be disclosed under 42 U.S.C. 300h-4.

* Sec. 8. AS 31.05.030(h) and 31.05.035(e) are repealed.

* Sec. 9. TRANSITION. All litigation, hearings, investigations, and other proceedings pending under a law amended or repealed by this Act, or

in connection with functions transferred by this Act, continue in effect and may be continued and completed notwithstanding a transfer or amendment or repeal provided for in this Act. Certificates, orders, and regulations issued or adopted under authority of a law amended or repealed by this Act remain in effect for the term issued, or until revoked, vacated, or otherwise modified under the provisions of this Act. All contracts, rights, liabilities, and obligations created by or under a law amended or repealed by this Act, and in effect on the effective date of this Act, remain in effect notwithstanding this Act's taking effect. Records and other property of the Oil and Gas Conservation Commission held for purposes of administration of AS 31.05.030(h) are transferred commensurate with the provisions of this Act to the Department of Environmental Conservation."

Renumber the following bill sections accordingly.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: HB 55
PUBLISH DATE: HOUSE 1/9/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to the Alaska Oil & Gas Cons. Comm., Changing Court Rule
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Oil & Gas Cons. Comm.
BRU: Oil & Gas Cons. Comm.
Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: C. V. Chatterton
Division: Oil & Gas Conservation Comm.
Approved by Commissioner: Larry Mercurieff
Agency: Department of Commerce & Economic Development

Phone: (907) 279-1433
Date: _____
Date: 11/23/88

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Underground Injection Program

Agency Affected: Natural Resources
BRU: Petroleum Management

Sponsor: Rules Committee
Requestor: Governor Cowper

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This bill does not affect the Department of Natural Resources. The Oil and Gas Conservation Commission is located within the Department of Commerce and Economic Development.

Prepared by: Carol Wilson Phone: 465-2400
Division: Commissioner's Office Date: 11/28/88

Approved by Commissioner: *Annex Gorsuch* Date: 11-28-88
Agency: Natural Resources

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

C
MBSE

January 9, 1989

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska Oil and Gas Conservation Commission (commission). This bill offers revisions to AS 31.05 to improve the state's underground injection control (UIC) program for injection wells related to the recovery and production of oil and natural gas (Class II wells). It also conforms certain sections of AS 31.05 to the revised criminal code, and removes unnecessary restrictions on the commission's authority to regulate oil and gas activities.

The primary reason for this bill is the need to improve the state's UIC program to ensure continued federal funding. In 1984, CSHB 680(L&C) was enacted (ch. 91, SLA 1984). It authorized the commission to "take all actions necessary to allow the state to acquire primary enforcement responsibility under 42 U.S.C. 300h-4 (Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300f -- 300j), for the control of underground injection related to the recovery and production of oil and natural gas." AS 31.05.030(h). The commission prepared an application for a state UIC program for Class II wells, which was approved by the U.S. Environmental Protection Agency (EPA) in June 1986.

In their review of the state's UIC application, EPA staff identified certain provisions in AS 31.05 which could be amended to improve the state's proposed program. This set of amendments is now proposed as required under the terms of a memorandum of agreement between the commission and EPA, Region 10. If the changes requested by the EPA are not made, continued federal funding for the UIC program would possibly be jeopardized. During its periodic audits of the state's UIC program, EPA inquires as to the status of these amendments.

Another set of amendments, to the criminal provisions of AS 31.05, is recommended by the criminal division of the Department of Law. When the comprehensive rewrite of AS 11 and AS 12 was undertaken in 1981 and 1982, it was determined to be too great a task to attempt amendment of the state's other criminal provisions, scattered throughout the Alaska statutes, at the same time. As this bill amends AS 31.05 for other reasons, I believe it appropriate to take advantage of this opportunity to clean up the criminal provisions of AS 31.05, to make them consistent with AS 11 and AS 12, as revised.

A third amendment removes unnecessary restrictions on the commission's jurisdiction over federal land. All of these amendments are recommended by the Alaska Oil and Gas Conservation Commission and are discussed in more detail below.

The amendments of AS 31.05 in the bill are as follows:

Section 1. AS 31.05.027 is amended to eliminate state statutory limitations on the commission's jurisdiction over land of the United States.

Federal law requires that state UIC programs apply to underground injection occurring on property leased or owned by the United States. 42 U.S.C. 300h(b)(1)(D) and 300j-6. However, AS 31.05.027 presently provides in part:

The authority of the commission . . . applies to land of the United States or to land subject to the jurisdiction of the United States only to the extent that control and supervision of conservation of oil and gas and prevention of waste by the United States on its land fails to carry out the intent and purposes of AS 31.05.005 -- 31.05.170, and otherwise applies to federal land so far as an officer of the United States having jurisdiction, or an authorized representative, shall approve any of the provisions of AS 31.05.005 -- 31.05.170 or orders of the commission which affect land.

The jurisdictional limitations of AS 31.05.027 first appeared as territorial legislation enacted in 1955, when Alaska's relationship to the federal government was far more subservient than after Alaska's acceptance into the Union. As a state, Alaska's potential jurisdiction over oil and gas activities on federal land is limited only by constitutional restrictions on the exercise of state police powers. See Myers, The Law of Pooling and Unitization, sec. 11.04 (2d Ed. 1985). AS 31.05.027 asserts less jurisdiction than is now constitutionally permissible. It would be amended by this bill to remove this potential impediment to the commission's regulation of oil and gas activities on federal land.

Section 2. AS 31.05.070(a) is amended to eliminate "transactional" immunity when a person is being compelled to testify or produce documents before the commission or a court, and to make its provisions consistent with the revised Alaska criminal code.

As it now reads, AS 31.05.070(a) affords a person transactional immunity if compelled to appear as a witness under that statute. This provision could preclude effective enforcement of the state's UIC requirements by foreclosing subsequent prosecution of that witness for violating a requirement of the state's UIC program. The provision is also inconsistent with the immunity provision of AS 12.50.-101. The amendments eliminate the immunity provision. Under the proposed language to be added to AS 31.05.070(a), a witness who asserts his or her privilege against self incrimination may be granted immunity and compelled by a court, under AS 12.50.101, to testify. The immunity will be immunity from the use of his or her testimony and any evidence derived from it. Language that disallows self-incrimination as a ground for excusing attendance, testimony, or production of books and records, is also deleted. That current language is potentially unconstitutional, and is unnecessary.

AS 31.05.070(a) also currently provides that a compelled witness is not exempt from prosecution and punishment for perjury committed while testifying. This provision would also be repealed because it duplicates provisions of the criminal code.

Sections 3 and 4. AS 31.05.150(a) and (b) are amended to eliminate the "wilful" standard from consideration in the imposition and recovery of civil penalties; to increase the civil penalties that may be imposed; to make sec. 150's provisions consistent with the provisions of the revised criminal code; and to establish criminal liability for violations of the commission's regulations and orders.

AS 31.05.150(a) currently imposes civil penalties for wilful violations of AS 31.05 or regulations or orders of the commission. However, there is no indication of the type of wilfulness required.

Use of the term "wilfully" in criminal statutes has traditionally required a showing of bad intent. Although evidence of bad intent is generally not required to impose civil penalties, amendment of the statute to eliminate the term would remove any doubt as to the ability of the state to impose civil penalties in the absence of evidence of bad intent.

The amendments would increase the amount of civil penalties imposable under AS 31.05.150(a) from "not more than \$1,000" to "no more than \$5,000 a day for each day of violation." The \$1,000 amount, which was first established in 1955, might now be inadequate to deter violations. The increased penalty would more effectively accomplish deterrence.

Section 4 amends AS 31.50.150(b), which imposes criminal liability for falsifying records and committing similar offenses, to make the description of those offenses consistent with AS 11.46.630(a)(1) -- (4). The class A misdemeanor penalty classification raises the possible maximum term of imprisonment to one year but the amount of the fine is unaffected.

Section 5. AS 31.05.150 is amended by adding a new subsection (f), imposing criminal liability on a person who knowingly violates a regulation or order of the commission.

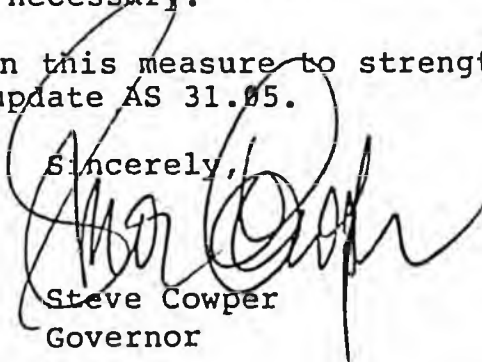
Section 6. Section 2 of this bill, providing for "use" immunity rather than "transactional" immunity, amends a court rule that was adopted in a somewhat unusual manner. This section takes a cautious approach, to assure compliance with art. IV, sec. 15, of the Alaska Constitution, regarding legislative change of a court rule.

Section 2 would, for commission sanctions, amend Ru'e 732 of the Uniform Rules of Criminal Procedure (promulgated by the National Conference of Commissioners on Uniform State Laws in 1984). This rule does not appear in the publication of Alaska Court Rules, but rather was adopted by the Alaska Supreme Court in a decision, State v. Serdahley, 635 P.2d 1182 (Alaska 1981). A Superior Court judge has held that a legislative change of the substance of that rule requires the same procedures as for a legislative change of any other court rule.

Thus, sec. 6 cites the court rule and describes the change, as required by Rule 39(e), Uniform Rules of the Alaska State Legislature. Also, in compliance with that legislative rule, the title of the bill mentions the court-rule change. If this bill passes but the section making that change does not receive a two-thirds vote in favor of it, and if the amended statute is challenged in court, the Alaska Supreme Court will, of course, have the final word on whether these legislative procedures were necessary.

I urge your prompt action on this measure to strengthen the state's UIC program and to update AS 31.05.

Sincerely,



Steve Cowper
Governor

April 14, 1989

Testimony on HB 55
before the House Resources Committee

The Safe Drinking Water Act sets forth procedures for use of deep wells for disposal of various wastes. Underground injection is a method of disposal where wastes are pumped into a geologic formation that is supposed to be first evaluated for its compatibility with the wastes, and capacity to hold the wastes in place. Pressure is critical since fluids must have sufficient pressure to displace native fluids yet not so much pressure that formation is fractured or waste migrates.

The Environmental Protection Agency issues permits and regulates these wells, by five classes, depending on waste type. As with many environmental laws, EPA delegates parts to the state. In Alaska's case, EPA delegated the Class II portion of the program to the Alaska Oil and Gas Conservation Commission in 1986.

Alaska Center for the Environment opposed this transference at that time because we saw inherent conflict in having the same agency that regulates oil and gas production also attempt to enforce environmental protection laws. Since evaluating AOGCC's performance since it has had authority over the injection program, we feel even more strongly that it is unable to adequately manage the injection program, thus seriously jeopardizing both the Alaskan environment and the future of Alaskans health.

Some of the problems are:

1. Class II wastes are defined as nonhazardous and strictly related to oil and gas production, such as produced waters, which are fluids that are brought to the surface with oil and gas. These wastes can be dangerous because of corrosivity, chemical additives, and presence of carcinogens, such as benzene. The wastes are far from benign and warrant careful handling and disposal.

2. Once injected, there is a high degree of uncertainty as to what happens to the wastes. It is a classic OUT OF SIGHT, OUT OF MIND disposal method. Wastes can travel miles to resurface in other wells, contaminate groundwater, or cause drastic changes in the environment including inducement of earthquakes.

3. Full containment of the wastes is not always assured. Of 18 permit applications submitted to and approved by AOGCC, at least 8 failed to test for compatibility of wastes with the confining layer, which is the geologic strata meant to hold the waste in place. Four applications failed to even discuss or describe the confining layers.

3. AOGCC's loose attitude toward regulation is typically based on agreement with the industry's presumption that the groundwater in the area is not usable as drinking water. In fact, in 100% of the well permits issued that were not already in aquifers defined as not usable for drinking, AOGCC granted exemptions, resulting in far less measures taken for environmental protection. AOGCC allows exemptions anytime they are requested, despite the fact that waters even more "salty" are treated and used. Industry is not required by AOGCC to actually measure the "salt" content of the water, but is allowed to use an estimation, contrary to federal requirements.

4. AOGCC has allowed and looked the other way when illegal disposal of wastes not classified as Class II.

5. Though an EPA Audit states that "widespread public involvement" has been a part of the AOGCC program, this is far from the truth. AOGCC has been hostile towards requests for information from the public and has showed ineptness in trying to follow federal requirements for public participation.

6. AOGCC has granted waivers to allow continued injection despite failed safety tests.

SUMMARY

While HB55 is needed in the short-term in order to make AOGCC's authority for penalties consistent with federal requirements and so we encourage its passage; we also strongly urge you to consider working with the administration or developing legislation that would transfer injection well authority to DEC.

by Kristine Benson
Hazardous Waste Specialist
Alaska Center for the Environment
700 H. Street #4
Anchorage AK 99501
274-3621

STANDARD ALASKA PRODUCTION COMPANY

STATEMENT ON HB 186 - March 17, 1988

HB 186, in Section 2, seeks to (i) amend AS 31.05.035(c) to limit its application to all exploratory wells, and (ii) exclude wells drilled on private lands from the benefits of extended confidentiality, while providing these benefits to wells drilled on State lands. Standard believes no legitimate public interest is served by this discriminatory treatment of wells drilled on private lands.

In Alaska's unique frontier environment, years may elapse between the drilling of an exploratory well and the disposition of unleased acreage nearby. Almost any well yields significant information about nearby lands, both State and private, and has considerable commercial value. Alaska exploratory wells are extremely expensive. The capital investment required to drill a well is simply not justified unless the information obtained thereby is maintained in a confidential status until nearby lands are leased. Therefore, Standard believes the proposed language on lines 2 and 3 on page 2 of HB 186 should be eliminated.

Standard has consistently objected to the removal of provisions providing protection for exploratory wells, delineation wells or development wells which are deepened to new horizons. However, Standard has no objection to the immediate release of information from wells drilled strictly in a development setting. Accordingly, Standard would support provisions relieving the Alaska Oil and Gas Conservation Commission from this administrative burden.

Standard believes the encouragement of the drilling of exploratory wells on all lands is in the overall best interest of the State and is the key to continued development of the oil and gas industry in Alaska. Unless provisions are made for protection of information obtained from this activity, no incentive will exist to engage in exploration in areas where development could require decades.

TESTIMONY OFFERED ON MARCH 17, 1988
BEFORE THE ALASKA HOUSE OF REPRESENTATIVES
RESOURCES COMMITTEE
REGARDING HOUSE BILL 186

By J. R. Carson

Thank you, Mr. Chairman. My name is John Carson. I am the Chief Geologist for Chevron U.S.A.'s Western Region. I have been a petroleum geologist for 32 years and have spent nearly two-thirds of that time working on Alaska exploration. I speak today on behalf of Chevron. I appreciate the opportunity to testify on this matter of importance to both the State and the petroleum industry. My remarks will be brief. I will be glad to answer questions.

Chevron opposes Section 2 of House Bill (HB) 186 which amends AS 31.05.035(c). The issue is extended confidentiality of well data. HB 186 proposes restricting eligibility for extended confidentiality to exploratory wells only and to further restrict eligibility to only those wells drilled on state lands.

As we stated in testimony during last year's session with reference to HB 41, Chevron believes the current law is fair, well-intended, and in the best interest of the State as well as the industry. I will not repeat that total testimony here today, but will sum it up by saying we feel that the opportunity to apply for extended confidentiality encourages operators to expend risk capital in the search for oil and gas; they can count on their sensitive data being held from other operators while waiting for a sale to be scheduled and held. Further, the surrounding landowners will receive higher sale bids and leasing bonuses if the data are held confidential. The benefit to all will be increased drilling over a long period of time which should lead to discovery of more reserves. For your further information, we have attached a copy of Chevron's testimony on HB 41 offered last April.

Chevron's objections to Sec. 2 of HB 186 are twofold: first, the limitation of extended confidentiality to exploratory wells, and second, the elimination of extended confidentiality provision for wells drilled on lands other than those owned by the State.

Chevron has no objection to routine development wells being excluded from eligibility; however, problems arise when delineation or development wells drilled below the producing zones are not afforded confidential status. Such wells may not fall in the State's definition of exploratory wells. Often, the data from these wells is highly critical. Provisions should be made to cover these wells as well as stratigraphic tests which are drilled solely to gain information about the rocks in the subsurface.

In discussing the limitation of extended confidentiality to wells drilled on state lands, I would like to make three points: 1) oil knows no political boundaries, 2) the AOGCC's obligation is to protect all landowners, and 3) the makeup of landownership in Alaska, which confirms the need for the current law.

Oil and gas accumulations and their accompanying rock formations have no coincidence with or regard for political boundaries. Consequently, enacting legislation that discriminates as to ownership is futile. Oil is where you find it and accumulations are rarely on one landowner's domain. Prudhoe Bay is a notable exception.

The AOGCC is empowered to subject its policing authority to all lands of the state regardless of ownership (Sec. 1 of HB 186 clarifies this authority). This authority should carry with it an obligation to protect, as well as police, all of the

landowners of the state. Surely, the federal government and private landowners, whether they be Alaska natives or individuals, deserve the same protection as the State. If HB 186 is enacted, operators would tend to drill on state lands to the detriment of the private landowner and the federal government.

An argument for relaxation of extended confidentiality is that the law was enacted for a special situation — the Beaufort Sea Sale of 1979 — and is no longer needed. We believe the policy considerations which gave rise to the law remain wholly applicable today. There are too many variables in the Alaska political scene to assure sales coming off as scheduled. In addition, the 6,640-mile long coast line of Alaska has the same multiple landownership at every mile that was responsible for sale delays in the Beaufort in 1979. The 1979 sale may have been unique in that the two government agencies were able to work out a joint sale. Typically state and federal agencies hold sales at different times in the same area while private landowners lease when the demand exists. This complication of various leasing dates is the reason that extended confidentiality eligibility on all lands is so important.

HB 186 acknowledges that extended confidentiality for exploratory well data is appropriate, but unfairly limits its effect to wells drilled on state lands.

As presently drafted, HB 186 would apply to well data presently on file with the State. We have previously expressed our grave concern with this type of retroactive legislation. The present version of HB 41 recognizes these concerns. That bill has been amended to prevent retroactive consideration. A similar amendment should be made to HB 186.

In summary, AS 31.05.035(c) currently provides protection for all parties concerned; the state, the landowners, and the operators. Continuation of this law unchanged will, in the long run, encourage drilling for oil and gas and, hopefully, in finding new reserves which will offset foreign oil dependency and strengthen Alaska's economy.

Thank you. I will be glad to answer any questions you may have.

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United States
Environmental Protection
Agency

Region 10
1200 Sixth Avenue
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Oregon
Washington

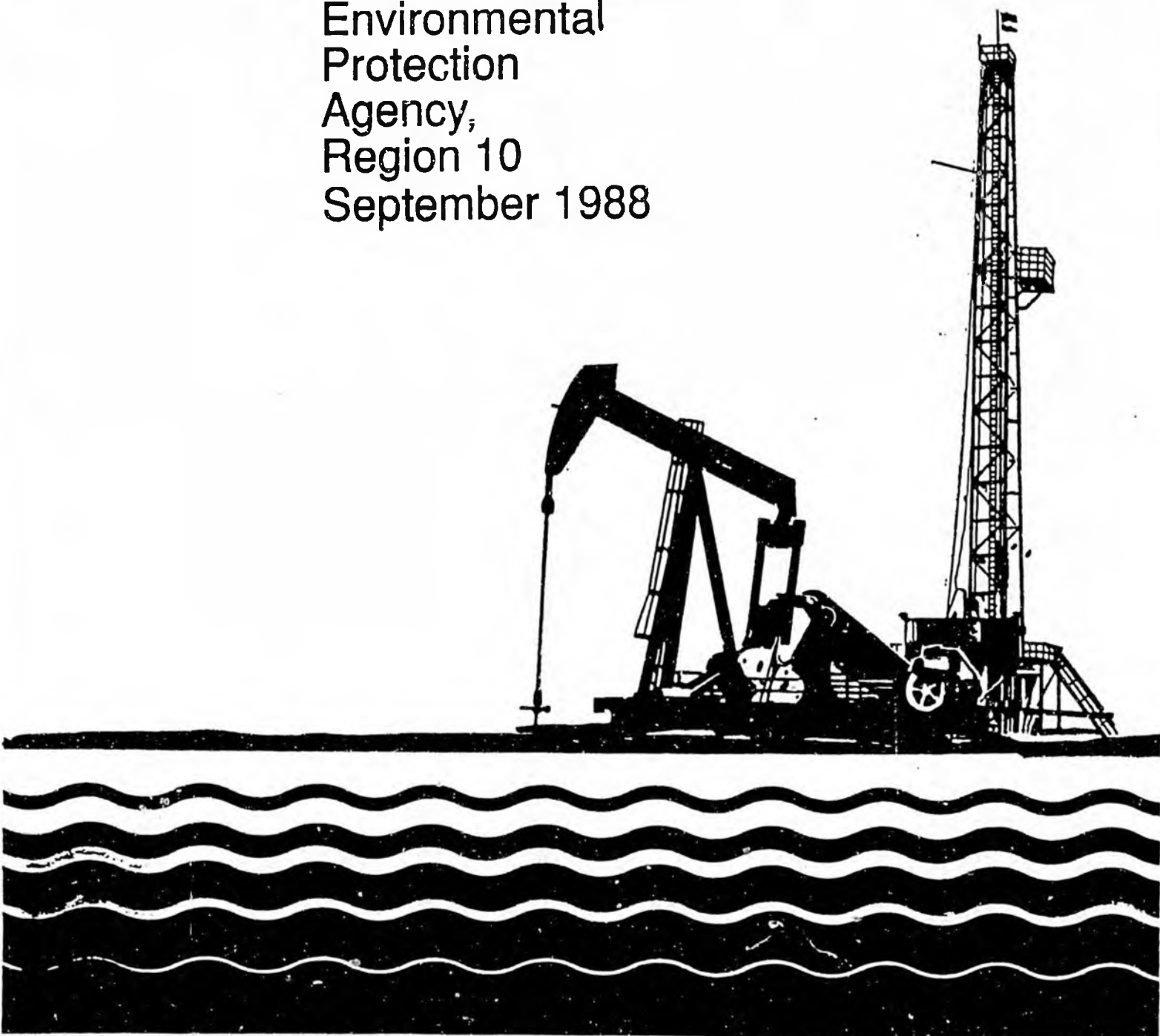
Water Division

Drinking Water



Evaluation of the Alaska Oil & Gas Conservation Commission Underground Injection Control Program

U.S.
Environmental
Protection
Agency,
Region 10
September 1988



Evaluation of the Alaska Oil and Gas Conservation Commission
Underground Injection Control Program

Executive Summary

On June 19, 1986, the Alaska Oil and Gas Conservation Commission (AOGCC) was delegated primacy for the Class II Underground Injection Control (UIC) Program as authorized under Section 1425 of the Safe Drinking Water Act. The remainder of the UIC Program for Class I, III, IV, and V injection wells continues to be administered by the U.S. Environmental Protection Agency (EPA) Region 10.

A representative of the EPA conducted an in-depth performance audit of the AOGCC Class II UIC Program on September 12-19, 1988. Three days were used for office review and four days for inspections and field review of Class II wells on the North Slope. This audit is an expanded version of the routine Region 10 Mid-Year review. The purpose was to evaluate the overall implementation of the AOGCC UIC primacy program since its approval in June of 1986.

The evaluation of the AOGCC UIC Program focused on the following major elements:

- I. Administration
- II. Public Outreach
- III. Inventory/Data Management
- IV. Permitting/File Reviews/Aquifer Exemptions
- V. Mechanical Integrity Testing
- VI. Financial Assurance
- VII. Plugging and Abandonment
- IX. Compliance/Enforcement

Discussions on each of these elements is contained in the body of this report. In general, the Alaska Section 1425 UIC Program is a well implemented and well staffed operation. The AOGCC staff is technically competent; environmentally sensitive; and responsive to the public, the regulated community, and EPA. However, there are some areas of concern where program changes are recommended. Discussed below is a brief summary of the audit team's findings.

Highlights

1. The AOGCC maintains a trained technical staff sufficient to manage the UIC Program.
2. AOGCC has completed and maintains an accurate inventory for all Class II wells.
3. All injection wells are regulated under AOGCC Area Injection Orders or Disposal Injection Orders.
4. The AOGCC continues to make environmentally sound permit determinations for Class II injection wells, which afford protection of underground sources of drinking water (USDWs).
5. The AOGCC maintains a close working relationship with EPA for processing aquifer exemptions.

6. The AOGCC has effectively utilized federal grant dollars to meet national and regional priorities as defined in the state specific guidance.
7. Widespread public involvement is obtained by publication of public notices in the states' largest newspaper; sending copies of notices to those people on the mailing list; and requiring applicants to provide a copy of their permit application to operators and surface owners within a 1/4 mile radius of the injection project.
8. The Mechanical Integrity Test (MIT) requirement of an initial baseline pressure test and a repeat of the pressure test at least every four years, coupled with annulus monitoring, provide good assurance that USDWs are being protected.
9. The quarterly and annual reports, program plans, grant applications, and Financial Status Reports have been submitted to EPA on schedule.
10. The commitment to an effective field inspection effort is a strong point.
11. The Commission's UIC Program Manager continues to maintain a strong commitment to meeting UIC program requirements and working with EPA.

Findings and Recommendations

1. EPA is concerned that the public notification effort does not include publication of notices in local newspapers and the holding of hearings in the local area where the injection operation is located. It is recommended that local newspapers be used and hearings be held closer to the injection well operation. In lieu of local hearings a television or telephone hookup could be used.
2. Financial assurance requirements may not be adequate to assure proper plugging and abandonment of wells if economic conditions worsen. Financial responsibility should be increased.
3. Using two inspectors on the North Slope during periods of increased MIT testing would preclude the current need to occasionally waive important inspections.
4. Permit applications do not consistently demonstrate or document the requirements of state regulations. A closer review of the permit applications and permits would ensure the state regulations are met.
5. Other recommendations are noted in the report.

EPA Review Team

Harold Scott, Alaska UIC Coordinator - Region 10

AOGCC Participants

C.V. Chatterton, Chairman
 Lonnie Smith, Commissioner
 Blair Wondzell, Senior Petroleum Engineer
 Mike Mender, Senior Petroleum Engineer
 Bob Crandall, Geologist
 Harold Hawkins, Petroleum Inspector

Bob Dissett

Environmentalists protest use of waste injections

By BOB ORTEGA
Times Writer

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The man running the public hearing leaned forward and smiled apologetically.

"I'm puzzled and at a loss as to how to proceed with this, to be honest," he said.

The confusion of Chat Chatterton, the amiable chairman of the Alaska Oil and Gas Conservation Commission, was understandable. For years, the commission has quietly approved industry requests to allow underground injection wells in oil

fields. Usually, when the commission prints a public notice in the newspaper, no one responds, so it issues an order without any hearing or debate.

Much the same was expected last month, when Unocal Corp. asked for the OK to inject wastes 2,300 feet underground into a well north of Beluga, across Cook Inlet from Anchorage.

So no one seemed to know exactly what to do when both Unocal and the commission received a sudden broadside from Trustees for Alaska and the

Alaska Center for the Environment, two Anchorage-based environmental groups.

In a detailed five-page letter, the groups questioned both the commission's procedures and legal authority, and charged that Unocal's Dec. 1 application was deficient in at least three dozen different ways.

Friday, in a public hearing held at the environmental groups' request, Trustees' executive director Randall Weiner and ACE director Sue Libenson reiterated their concerns.

Unocal, they said, had failed to show that it won't pollute an aquifer that may someday provide drinking water. Unocal environmental engineer Roy Roberts said he could address the points brought up by Weiner and Libenson — but would prefer to do so in writing.

So now what?

After a little headscratching and some off-the-record consultation with Unocal officials and Weiner, Chatterton and fellow commissioner Lonnie Smith decided, in effect, to leave matters

open for two more weeks so Unocal could respond to the questions raised at the hearing.

Commission staff members seemed both surprised and amused at the attention.

The commission was created by federal statute nearly a decade ago; and gained primary responsibility over injection wells three years ago from the Environmental Protection Agency.

Since then, the commission has issued 18 orders covering hundreds of wells, all on the See Waste, page B-4

Continued from page B-1

North Slope or in the Cook Inlet area. Only once before has it received any kind of protest, and never, according to commission records, has it received a substantive protest.

The lack of public interest may be understandable. While the public notices are always printed in one of the two Anchorage daily newspapers, most of the wells have not been anywhere near any communities except Sterling, Kenai, and, on the North Slope, Nuiqsut.

In addition, most of the injections have been into very deep aquifers already exempted by

the EPA for that kind of activity.

In this particular case, Unocal is seeking an aquifer exemption, and an order allowing it to inject wastes into a well next to the Lewis River Field. There is a freshwater aquifer more than 1,000 feet thick, immediately below the surface; but the company plans to inject its wastes into a deeper, salt-water aquifer.

The application concludes that a layer of siltstone and coal between the two aquifers will protect the upper one from contamination, and points out that there are no communities in the area anyway.

At the hearing, Libenson argued that 100 years ago, there were no communities using fresh

water in the Anchorage area.

"I think we need to consider public water sources even in areas not now heavily populated," she said.

"We only have to look over to oil and gas development on the Kenai, where daily we discover now problems with the drinking water," to see the importance of preventing potential pollution, she said.

Weiner, in oral and written testimony, said that Unocal apparently has failed to gain permits or proper certification from the Alaska Department of Environmental Conservation, the state Division of Governmental

Coordination, and the Matanuska-Susitna Borough.

He also charged that, in essence, Unocal's application failed to provide enough information to prove that wastes won't leak into the freshwater aquifer during the disposal process, and that the application failed to follow required procedures.

Finally, Weiner also said that the commission should provide greater public notice, issue a fact sheet to explain to the public in lay terms what actions are being contemplated, and double the response period to 30 days.

"It's doubtful that Tyonek and

Susitna flats residents were informed of this application," he said.

Unocal's Roberts said the company is working on the well to make sure the casing doesn't allow leakage; he said he's satisfied the upper aquifer will not be contaminated.

Steven Porter, an attorney for the commission, said he has not yet researched, but plans to look into questions raised about the commission in the testimony.

Weiner has promised that Trustees for Alaska will provide substantial input into any future oil industry requests for aquifer exemptions.

elements, as submitted to EPA in the State's program application:

(a) *Incorporation by reference.* The requirements set forth in the State statutes and regulations cited in this paragraph are hereby incorporated by reference and made a part of the applicable UIC program under the SDWA for the State of Alabama. This incorporation by reference was approved by the Director of the Federal Register on June 25, 1984.

(1) Alabama Water Pollution Control Act, Code of Alabama 1975, sections 22-22-1 through 22-22-14 (1980 and Supp. 1983);

(2) Regulations, Policies and Procedures of the Alabama Water Improvement Commission, Title I (Regulations) (Rev. December 1980), as amended May 17, 1982, to add Chapter 9, Underground Injection Control Regulations (effective June 10, 1982), as amended April 6, 1983 (effective May 11, 1983).

(b) The Memorandum of Agreement between EPA Region IV and the Alabama Department of Environment Management, signed by the EPA Regional Administrator on May 24, 1983.

(c) *Statement of legal authority.* (1) "Water Pollution—Public Health—State has Authority to Carry Out Underground Injection Control Program Described in Federal Safe Drinking Water Act—Opinion by Legal Counsel for the Water Improvement Commission," June 25, 1982;

(2) Letter from Attorney, Alabama Water Improvement Commission, to Regional Administrator, EPA Region IV, "Re: AWIC Response to Phillip Tate's (U.S. EPA, Washington) Comments on AWIC's Final Application for Class I, III, IV, and V UIC Program," September 21, 1982;

(3) Letter from Alabama Chief Assistant Attorney General to Regional Counsel, EPA Region IV, "Re: Status of Independent Legal Counsel in Alabama Water Improvement Commission's Underground Injection Control Program." September 14, 1982.

(d) The Program Description and any other materials submitted as part of the application or as supplements thereto.

Subpart C—Alaska

**§ 147.100 State-administered program—
Class II wells.**

The UIC program for Class II wells in the State of Alaska, other than those on Indian lands, is the program administered by the Alaska Oil and Gas Conservation Commission approved by EPA pursuant to Section 1425 of the SDWA. Notice of this approval was published in the FEDERAL REGISTER [May 6, 1986]; the effective date of this program is June 19, 1986. This program consists of the following elements, as submitted to EPA in the State's program application.

(a) *Incorporation by reference.* The requirements set forth in the State statutes and regulations cited in this paragraph are hereby incorporated by reference and made a part of the applicable UIC program under the SDWA for the State of Alaska. This incorporation by reference was approved by the Director of the FEDERAL REGISTER effective June 19, 1986.

(1) Alaska Statutes, Alaska Oil and Gas Conservation Act, Title 31, §§ 31.05.005 through 31.30.010 (1979 and Cum. Supp. 1984);

(2) Alaska Statutes, Administrative Procedures Act, Title 44, §§ 44.02.010 through 44.02.650 (1984);

(3) Alaska Administrative Code, Alaska Oil and Gas Conservation Commission, 20 AAC 25.005 through 20 AAC 25.570 (Supp. 1986).

(b) The Memorandum of Agreement between EPA Region 10, and the Alaska Oil and Gas Conservation Commission, signed by the EPA Regional Administrator on January 29, 1986.

(c) *Statement of Legal Authority.* Statement from the Attorney General of the State of Alaska, signed by the Assistant Attorney General on December 10, 1985.

(d) The Program Description and any other materials submitted as part of the original application or as supplements thereto.

[51 FR 16684, May 6, 1986]

§ 147.101 EPA-administered program.

(a) *Contents.* The UIC program in the State of Alaska for Classes I, III,

IV and V wells, wells on Indian lands, and wells on Indian lands administered by EPA. This program is the UIC program regulated in Parts 124, 144, and 152 of this subchapter. The requirements set forth in this subchapter apply to the owners and operators of these wells and require them to comply with the requirements of this subchapter.

(b) *Effective date.* The UIC program for Class II wells in the State of Alaska is effective June 19, 1986. [52 FR 17680, May 6, 1987]

§ 147.102 Aquifers

(a) This section applies to all aquifers or their parts that are in accordance with the requirements of this chapter at the time of promulgation. EPA will exempt other aquifers from this section according to applicable law without codifying such exemptions in this section. An updated list of exempted aquifers will be maintained in the EPA office.

(b) The following aquifers are exempted in accordance with the provisions of §§ 144.701 through 144.704 of this chapter for Class I wells only:

(1) The portions of the Kenai Peninsula, Alaska, at the following depths below the ground surface, and described in the following sections beyond and lying to the east of the following oil and gas fields:

- (i) Swanson River
- (ii) Beaver Creek
- (iii) Kenai Gas Field

(2) The portions of the Cook Inlet described in the following sections beyond and lying to the east of the following oil and gas fields:

- (i) Granite Point
- (ii) McArthur River
- (iii) Middle Ground
- (iv) Trading Bay

(3) The portions of the North Slope described in the following sections beyond and lying to the east of the Kuparuk River producing field.

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IV and V wells, and for all classes of wells on Indian lands, is administered by EPA. This program consists of the UIC program requirements of 40 CFR Parts 124, 144, and 146, and additional requirements set forth in the remainder of this subpart. Injection wells owners and operators and EPA shall comply with these requirements.

(b) *Effective dates.* The effective date of the UIC program for all non-Class II wells in Alaska and for all wells on Indian lands, is June 25, 1984.

[52 FR 17680, May 11, 1987]

§ 147.102 Aquifer exemptions.

(a) This section identifies any aquifers or their portions exempted in accordance with §§ 144.7(b) and 146.4 of this chapter at the time of program promulgation. EPA may in the future exempt other aquifers or portions, according to applicable procedures, without codifying such exemptions in this section. An updated list of exemptions will be maintained in the Regional office.

(b) The following aquifers are exempted in accordance with the provisions of §§ 144.7(b) and 146.4 of this chapter for Class II injection activities only:

(1) The portions of aquifers in the Kenai Peninsula, greater than the indicated depths below the ground surface, and described by a ¼ mile area beyond and lying directly below the following oil and gas producing fields:

- (i) Swanson River Field—1700 feet.
- (ii) Beaver Creek Field—1650 feet.
- (iii) Kenai Gas Field—1300 feet.

(2) The portion of aquifers beneath Cook Inlet described by a ¼ mile area beyond and lying directly below the following oil and gas producing fields:

- (i) Granite Point.
- (ii) McArthur River Field.
- (iii) Middle Ground Shoal Field.
- (iv) Trading Bay Field.

(3) The portions of aquifers on the North Slope described by a ¼ mile beyond and lying directly below the Kuparuk River Unit oil and gas producing field.

§ 147.103 Existing class I, II (except enhanced recovery and hydrocarbon storage) and III wells authorized by rule.

Maximum injection pressure. The owner or operator shall limit injection pressure to the lesser of:

- (a) A value which will not exceed the operating requirements of § 144.28(f)(3)(i) or (ii) as applicable; or
- (b) A value for well head pressure calculated by using the following formula:

$P_m = (0.733 - 0.433 S_g) d$

where

P_m = injection pressure at the well head in pounds per square inch

S_g = specific gravity of inject fluid (unitless)

d = injection depth in feet.

§ 147.104 Existing class II enhanced recovery and hydrocarbon storage wells authorized by rule.

(a) *Maximum injection pressure.* (1) To meet the operating requirements of § 144.28(f)(3)(ii) (A) and (B) of this chapter, the owner or operator:

- (i) Shall use an injection pressure no greater than the pressure established by the Regional Administrator for the field or formation in which the well is located. The Regional Administrator shall establish maximum injection pressures after notice, opportunity for comment, and opportunity for a public hearing, according to the provisions of Part 124, Subpart A of this chapter, and will inform owners and operators in writing of the applicable maximum pressure; or
- (ii) May inject at pressures greater than those specified in paragraph (a)(1)(i) of this section for the field or formation in which he is operating provided he submits a request in writing to the Regional Administrator, and demonstrates to the satisfaction of the Regional Administrator that such injection pressure will not violate the requirement of § 144.28(f)(3)(ii) (A) and (B). The Regional Administrator may grant such a request after notice, opportunity for comment, and opportunity for a public hearing, according to the provisions of Part 124, Subpart A of this chapter.

(2) Prior to such time as the Regional Administrator establishes rules for maximum injection pressure based on

§ 147.151

data provided pursuant to paragraph (a)(2)(II) of this section the owner or operator shall:

(I) Limit injection pressure to a value which will not exceed the operating requirements of § 144.28(f)(3)(II); and

(II) Submit data acceptable to the Regional Administrator which defines the fracture pressure of the formation in which injection is taking place. A single test may be submitted on behalf of two or more operators conducting operations in the same formation, if the Regional Administrator approves such submission. The data shall be submitted to the Regional Administrator within 1 year of the effective date of this program.

(b) *Casing and cementing.* Where the Regional Administrator determines that the owner or operator of an existing enhanced recovery or hydrocarbon storage well may not be in compliance with the requirements of §§ 144.28(e) and 146.22, the owner or operator shall comply with paragraphs (b) (1) through (4) of this section, when required by the Regional Administrator:

(1) Protect USDWs by:

(i) Cementing surface casing by recirculating the cement to the surface from a point 50 feet below the lowermost USDW; or

(ii) Isolating all USDWs by placing cement between the outermost casing and the well bore; and

(2) Isolate any injection zones by placing sufficient cement to fill the calculated space between the casing and the well bore to a point 250 feet above the injection zone; and

(3) Use cement:

(i) Of sufficient quantity and quality to withstand the maximum operating pressure;

(ii) Which is resistant to deterioration from formation and injection fluids; and

(iii) In a quantity no less than 120% of the calculated volume necessary to cement off a zone.

(4) The Regional Administrator may specify other requirements in addition to or in lieu of the requirements set forth in paragraphs (b) (1) through (3) as needed to protect USDWs.

Subpart D—Arizona

§ 147.150 State-administered program. [Reserved]

§ 147.151 EPA-administered program.

The UIC program for the State of Arizona is administered by EPA.

(a) *Contents.* The UIC program that applies to all injection activities in Arizona, including those on all Indian lands, is administered by EPA. The program for all injection activity, except that on Navajo Indian lands, consists of the UIC program requirements of 40 CFR Parts 124, 144 and 146, and any additional requirements set forth in the remainder of this subpart. Injection well owners and operators and EPA shall comply with these requirements.

(b) *Effective dates.* The effective date for the UIC program in Arizona, except for the lands of the Navajo Indians, is June 25, 1984.

[52 FR 17681, May 11, 1987]

§ 147.152 Aquifer exemptions. [Reserved]

Subpart E—Arkansas

§ 147.200 State-administered program—Class I, III, IV and V wells.

The UIC program for Class I, III, IV and V wells in the State of Arkansas is the program administered by the Arkansas Department of Pollution Control and Ecology, approved by EPA pursuant to section 1422 of the SDWA. Notice of this approval was published in the FEDERAL REGISTER on July 6, 1982 (47 FR 29236); the effective date of this program is July 6, 1982. This program consists of the following elements, as submitted to EPA in the State's program application.

(a) *Incorporation by reference.* The requirements set forth in the State statutes and regulations cited in this paragraph are hereby incorporated by reference and made a part of the applicable UIC program under the SDWA for the State of Arkansas. This incorporation by reference was approved by the Director of the Federal Register on June 25, 1984.

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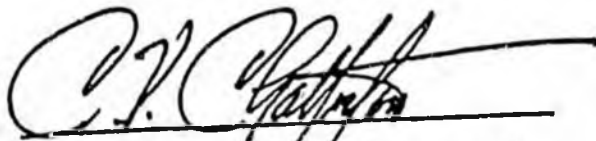
State of Alaska - EPA Region X

16. The AOGCC agrees that when seeking injunctive relief for UIC violations, it shall request the court, when appropriate, to order the violator to cease or curtail its oil or gas production operations.

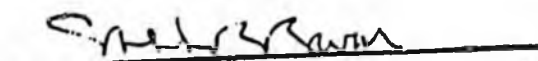
17. The AOGCC agrees to seek the following statutory amendments in the 1986 Legislative session:

- a. AS 31.05.027 to be amended to eliminate any limitation of AOGCC jurisdiction on land of the United States.
- b. AS 31.05.070(a) to be amended to eliminate the transactional immunity provided as a result of a person being compelled to testify or produce documents before the Commission or a court.
- c. AS 31.05.150(a) to be amended to eliminate "wilfully" from consideration in the imposition and recovery of civil penalties.
- d. AS 31.05.150(b) to be amended to include wilful violations of a rule, regulation or order of the Commission as cause for imposition and recovery of criminal fines.

If the 1986 Legislature fails to enact these amendments,
the AOGCC will submit the amendments in subsequent
Legislative sessions.



C. V. Chatterton, Chairman
Alaska Oil and Gas
Conservation Commission



Ernesta B. Barnes
Regional Administrator
U.S. Environmental Protection
Agency, Region 10

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- (1) the drilling, producing and plugging of wells;
- (2) the shooting and chemical treatment of wells;
- (3) the spacing of wells;
- (4) the disposal of salt water, nonpotable water and oil field wastes;
- (5) the contamination or waste of underground water;
- (6) the quantity and rate of the production of oil and gas from a well or property; this authority shall also apply to a well or property in a voluntary cooperative or unit plan of development or operation entered into in accordance with AS 38.05.180(p).

(f) The commission may classify wells as oil or gas wells for purposes material to the interpretation or enforcement of this chapter.

(g) When the commission finds sufficient likelihood of an unexpected encounter of oil, gas, or other hazardous substance as a result of well drilling in an area of the state, the commission may, by regulation, designate the area and specify a depth in the area as one in which wells or any boring into the soil in excess of the specified depth but not otherwise subject to this chapter are subject to the regulations and requirements adopted under this section. The designation of an area or specification of a depth under this subsection does not constitute a certification that no hazardous substance will be encountered in another area or at a lesser depth, and the state is not liable for any damages arising from such an unexpected encounter of a hazardous substance.


(h) The commission may take all actions necessary to allow the state to acquire primary enforcement responsibility under 42 U.S.C. 300h-4 (Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300f-300j), for the control of underground injection related to the recovery and production of oil and natural gas. (§ 4 ch 40 SLA 1955; am § 2 ch 75 SLA 1960; am § 1 ch 209 SLA 1970; am § 1 ch 87 SLA 1977; am §§ 1, 2 ch 160 SLA 1978; am § 1 ch 91 SLA 1984)

Effect of amendments. — The 1984 amendment added subsection (h).

Sec. 31.05.035. Confidential reports. (a) For all wells for which a permit to drill has been issued by the commission since January 3, 1959, the commission may require:

(1) the making and filing of reports, well logs, drilling logs, electric logs, lithologic logs, directional surveys, and all other subsurface information on a well drilled for oil or gas, or for the discovery of oil or gas, or for geologic information; and

(2) the filing of flow test information and all logs, except experimental logs and velocity surveys run on a well and not required by (1) of this subsection;

BUDGET REQUEST UNIT (BRU): Alaska Oil and Gas Conservation Commission																															
NAME/POSITION OF BRU MANAGER: C. V. Chatterton, Commissioner/Chairman	PHONE: (907) 279-1433																														
NAME/POSITION OF AGENCY CONTACT: Pat Oldenburg, Administrative Assistant	PHONE: (907) 279-1433																														
LIST STATUTORY/REGULATORY BASIS FOR SERVICES PROVIDED (I.E., ALASKA STATUTE, ALASKA ADMINISTRATIVE CODE, OR FEDERAL REGISTER):																															
<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;">Statutory/Regulatory Citation</td> <td style="width:5%;">:</td> <td style="width:65%;">Component/Programs, Services</td> </tr> <tr> <td>AS 31.05/20 AAC 25.</td> <td>:</td> <td>Operations</td> </tr> <tr> <td>_____</td> <td>:</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>:</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>:</td> <td>_____</td> </tr> </table>	Statutory/Regulatory Citation	:	Component/Programs, Services	AS 31.05/20 AAC 25.	:	Operations	_____	:	_____	_____	:	_____	_____	:	_____	<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;">Statutory/Regulatory Citation</td> <td style="width:5%;">:</td> <td style="width:65%;">Component/Programs, Services</td> </tr> <tr> <td>_____</td> <td>:</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>:</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>:</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>:</td> <td>_____</td> </tr> </table>	Statutory/Regulatory Citation	:	Component/Programs, Services	_____	:	_____	_____	:	_____	_____	:	_____	_____	:	_____
Statutory/Regulatory Citation	:	Component/Programs, Services																													
AS 31.05/20 AAC 25.	:	Operations																													
_____	:	_____																													
_____	:	_____																													
_____	:	_____																													
Statutory/Regulatory Citation	:	Component/Programs, Services																													
_____	:	_____																													
_____	:	_____																													
_____	:	_____																													
_____	:	_____																													
<p>DESCRIPTION OF THE BRU SERVICES AND RESPONSIBILITIES: The Alaska Oil and Gas Conservation Commission is an independent quasi-judicial agency established within the Executive Branch by the Legislature to ensure that oil and gas drilling, production, reservoir depletion and metering operations comply with the Alaska Oil and Gas Conservation Act (AS 31.05). The Act prohibits the physical waste of crude oil and natural gas, protects correlative rights, and provides for obtaining the maximum ultimate recovery of oil and gas that is prudently feasible. The Act empowers the Commission to cite and levy fines for violations of the Act, regulation or order of the Commission, and seek injunctive relief to prevent continuance of a violation. Severance and oil and gas conservation taxes are levied on all production. Revenue also accrues from royalty production on state leases. The prevention of waste enhances these income sources and serves the public good by providing increased funds to meet the public need.</p> <p>Further, the BRU provides funding for the following activities (1) acting as the Alaska jurisdictional agency to determine well categories for meeting the maximum lawful price for gas under the Natural Gas Policy Act of 1978, (2) discharging primary enforcement responsibilities for Class II injection wells under the Safe Drinking Water Act of 1974 as amended and (3) Acting as Alaska jurisdictional agency for the U.S. Dept. of Treasury in approving applications as meeting requirements for certification as a qualified tertiary recovery project.</p>																															
SIGNATURE OF BRU MANAGER: 	DATE: 9/20/88																														

B1 BRU
COVER PAGE

Department of Commerce and
Economic Development

AGENCY _____

Oil and Gas Conservation Commission

BRU _____

FY 90

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Revised Date: _____

000330

The priority issue for FY'90 is to maintain the funding necessary to provide for a degree of agency effectiveness in prohibiting waste of crude oil and natural gas, protecting correlative rights of hydrocarbon owners, and insuring that all hydrocarbon production is measured accurately.

The Oil & Gas Conservation Commission is an independent quasi-judicial agency, responsible for the administration of AS 31.05, The Alaska Oil & Gas Conservation Act. In this role, the Commission provides three distinct services. First, a service to the people by enforcing the act, thus ensuring that oil and gas accumulations beneath lands subject to the State's police powers are developed, produced and managed without waste in a manner that will achieve the maximum ultimate hydrocarbon recovery prudently possible.

Second, receives, maintains and acts as curator for all production and exploration data required by law. Provides information pertaining to these activities to the public and industry.

Third, a service to the oil and gas industry by providing an adjudicatory forum for the resolution by Commission order of intra-industry disputes.

Agency effectiveness is directly a function of the experience and expertise of its professional staff. Reduction in appropriations, from \$2,514.3 for FY'83 to \$1,536.2 for FY'89 and ensuing staff reduction from 27 FTE to the FY'89 authorized staff of 23 FTE has seriously impacted commission performance. Lacking the funding and staff, the agency is increasingly hard-pressed to effectively challenge industry reservoir management programs and ensure that waste is prohibited.

Proceeds from the Oil and Gas Conservation Tax (AS 43.57) for FY'90 will approximate \$3,000,000. Historically, the reason and intent of the conservation tax is to provide funding for maintaining a viable oil and gas conservation agency.

B2 BRU ISSUES

AGENCY Department of Commerce
and Economic Development
BRU Oil & Gas Conservation Commission

FY 90

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Revised Date:

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OBJECTIVES AND PERFORMANCE MEASURES	PRIOR YEAR FY 88		CURRENT YEAR PLAN FY 89	BUDGET YEAR FY 90		
	PLAN	ACTUAL		ADJUSTED BASE	INCREMENT/DECREMENT	REQUEST
1. To ensure that operations involving the drilling or re-entry and completion, recompletion, or abandonment of any oil or gas well within Alaska is conducted in a manner that prevents underground waste of the resource, protects correlative rights and does not endanger freshwater. The number of applications processed.	750	1294	500	500		500
2. To ensure that no uncontrolled flow of oil and gas occurs from any well within Alaska. The number of on-site inspections.	4000	5842	3500	3500		3500
3. To ensure that all oil and gas produced within Alaska is measured accurately for quality and quantity and appropriately allocated. The number of inspections performed.	160	87	160	100		100
4. a) Continue surveillance of all reservoir management operations to ensure that the maximum feasible resource recovery will be obtained. Number of pools reviewed.	0	0	0	0		0
b.) Number of new reservoir studies initiated.	1	0	1	0		0
5. To reduce the volume of gas lost from operational upsets. The percent reduction in amount of gas lost by operational upsets.	1%	1%	1%	1%		1%

B3/B4

**BRU STRATEGY/
PERFORMANCE
PLANS**

AGENCY _____

Department of Commerce
and Economic Development

BRU _____

Oil and Gas Conservation Commission

FY 90

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Revised Date: _____

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OBJECTIVES AND PERFORMANCE MEASURES	PRIOR YEAR FY 88		CURRENT YEAR PLAN FY 89	BUDGET YEAR FY 90		
	PLAN	ACTUAL		ADJUSTED BASE	INCREMENT/DECREMENT	REQUEST
6. To provide informational services to the public in an expeditious and accessible manner. The number of requests for information	200	147	100	125		125
7. To maintain a high level of administrative and support service efficiency in order to handle the increasing work load without a need for additional personnel.	10%	5%	10%	3%		3%
8. As primary enforcement agency within the State for the Safe Drinking Water Act of 1974 as amended, ensure that the underground injection of fluids related to the recovery and production of oil and gas does not occur unless permitted and the mechanical integrity of permitted injection wells is maintained in a manner to protect freshwater aquifers. The number of:						
a) Applications processed.	60	33	60	25		25
b) On-site inspections made.	100	178	100	100		100
c) Files reviewed.	24	210	74	75		75
d) Public hearings held.	1	1	1	1		1
e) Reports made to EPA.	10	35	10	15		15
						216.0

B3/B4 BRU STRATEGY/
PERFORMANCE
PLANS

AGENCY Department of Commerce
and Economic Development
BRU Oil and Gas Conservation Commission

FY 90

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Revised Date:

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OBJECTIVES AND PERFORMANCE MEASURES	PRIOR YEAR FY 88		CURRENT YEAR PLAN FY 89	BUDGET YEAR FY 90		
	PLAN	ACTUAL		ADJUSTED BASE	INCREMENT/DECREMENT	REQUEST
9. Perform duties as the jurisdictional agency for Alaska by processing applications for establishment of the maximum lawful price for natural gas produced from a well. The number of dterminations submitted to FERC.	100	25	100	50		50
10. Perform duties of jurisdictional agency for the U S Treasury Department in processing applications for tertiary recovery. The number of applications processed.	1	2	1	1		1

B3/B4 BRU STRATEGY/
PERFORMANCE
PLANS

Department of Commerce
and Economic Development
AGENCY _____
BRU Oil and Gas Conservation Commission _____

FY 90

Page ³ _____ of ³ _____
Revised Date: _____

000340

STATE OF ALASKA
OFFICE OF MANAGEMENT & BUDGET
DIVISION OF BUDGET REVIEW

DATE: 12/19/88
TIME: 16:03:01
PROG: FORMC1D

FY '90 BUDGET CYCLE BENCHMARK LEVEL COMPARISONS

AGENCY: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
BRU: OIL & GAS CONSERVATION
COMPONENT: OPERATIONS (SER #: 368)

ITEM	FY '88 AUTHORIZED	FY '88 FINAL AUTH	FY '88 ACTUAL	FY '89 AUTHORIZED	FY '90 ADJ BASE	FY '90 AGENCY	FY '90 GOVERNOR
*** COMPONENT TOTAL ***	1,424.4	1,410.1	1,400.0	1,536.2	1,572.2	1,592.2	1,592.2
EXPENDITURES							
Personal Services	1,202.6	1,188.3	1,182.2	1,307.7	1,343.7	1,343.7	1,343.7
Travel	98.0	49.8	49.0	88.0	88.0	88.0	88.0
Contractual Services	12.4	154.6	152.7	127.4	127.4	147.4	147.4
Commodities	11.4	17.4	16.1	13.1	13.1	13.1	13.1
Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Land/Buildings	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants/Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Misc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FUNDING							
1002 Fed Rcpts	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1004 Gen Fund	1,324.4	1,310.1	1,300.0	1,436.2	1,472.2	1,492.2	1,492.2
STAFFING							
Full-time	22.0	22.0	22.0	23.0	23.0	23.0	22.0
Part-time	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Temporary	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Staff-months	264.0	264.0	264.0	276.0	276.0	276.0	264.0

1041

ALERTS #: 6-08-14-06-00
 COMP SER #: 368

STATE OF ALASKA
 OFFICE OF MANAGEMENT & BUDGET
 DIVISION OF BUDGET REVIEW

DATE: 12/19/88
 TIME: 14:58:46
 PROG: CDETAILS

FY '90 DRAFT OPERATING BUDGET (DEC. 15, 1988 RELEASE)

AGENCY: DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
 COMPONENT: OPERATIONS

BUDGET REQUEST UNIT: OIL & GAS CONSERVATION

***** COMPARISON OF AGENCY SUBMISSION TO GOVERNOR'S PROPOSAL *****

DESCRIPTION	REF NUM	TRANS TYPE	PROPOSED BY	AGENCY SUBMISSION			GOVERNOR'S PROPOSAL						
				PFT	PPT	TOTAL	GEN FUND	OTH FUNDS	PFT	PPT	TOTAL	GEN FUND	OTH FUNDS
FY '89 LEGISLATIVE CONFERENCE COMMITTEE				23.0	0.0	1,536.2	1,436.2	100.0	23.0	0.0	1,536.2	1,436.2	100.0
Projected FY '90 Health Benefit Adjustment (\$36.7)	2378	MISADJ	OMB	0.0	0.0	36.0	36.0	0.0	0.0	0.0	36.0	36.0	0.0
Increase in Annual Assessment Levied on Alaska by the Interstate Oil Compact Commission	4043	INC	AGENCY	0.0	0.0	20.0	20.0	0.0	0.0	0.0	20.0	20.0	0.0
Adjust Position Count to Match Available Funding	4070	DEC	OMB	0.0	0.0	0.0	0.0	0.0	-1.0	0.0	0.0	0.0	0.0
*** COMPONENT TOTALS ***				23.0	0.0	1,592.2	1,492.2	100.0	22.0	0.0	1,592.2	1,492.2	100.0

***** DERIVATION OF FY '90 PROPOSAL, BY IMPACT AND LINE ITEM *****

DESCRIPTION	REF NUM	PERSONAL SERVICES	TRAVEL	CONTRACTUAL SERVICES	COMMODITIES	EQUIPMENT	LAND/BUILDINGS	GRANTS/CLAIMS	MISC.	TOTALS
FY '89 LEGISLATIVE CONFERENCE COMMITTEE		1,307.7	88.0	127.4	13.1	0.0	0.0	0.0	0.0	1,536.2
Projected FY '90 Health Benefit Adjustment (\$36.7)	2378	36.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	36.0
Increase in Annual Assessment Levied on Alaska by the Interstate Oil Compact Commission	4043	0.0	0.0	20.0	0.0	0.0	0.0	0.0	0.0	20.0
Adjust Position Count to Match Available Funding	4070	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
*** COMPONENT TOTALS ***		1,343.7	88.0	147.4	13.1	0.0	0.0	0.0	0.0	1,592.2

11 1342

ITEM AND EXPLANATION	AMOUNT	FUNDING SOURCES	POSITIONS	100 PERSONAL SERVICES	200 TRAVEL	300 CONTRACTUAL SERVICES	400 SUPPLIES	500 EQUIPMENT	OTHER
1. FY 89 Conference Committee Report	1536.2	1002 100.0	PFT 23.0	1307.7	88.0	127.4	13.1		
		1004 1436.2	PPT						
2. Fiscal Notes/Other Appropriation Bills			PFT						
			PPT						
3. Vetoes	()	()	PFT	()	()	()	()	()	()
			PPT						
4. Position Adjustment			PFT						
			PPT						
5. FY 89 Authorized	1536.2	1002 100.0	PFT 23.0	1307.7	88.0	127.4	13.1		
		1004 1436.2	PPT						
6. Health Benefit Adjustment	36.0	1004 36.0	PFT	36.0					
			PPT						
7. One-Time Items	()	()	PFT	()	()	()	()	()	()
			PPT						
8. Other Adjustments			PFT						
			PPT						
9. FY 90 Base	1572.2	1002 100.0	PFT 23.0	1343.7	88.0	127.4	13.1		
		1004 1472.2	PPT						
10. Transfers			PFT						
			PPT						
11. FY 90 Adjusted Base	1572.2	1002 100.0	PFT 23.0	1343.7	88.0	127.4	13.1		
		1004 1472.2	PPT						

**C2 ADJUSTED BASE
CALCULATION**

AGENCY Commerce & Economic Development
 BRU Alaska Oil & Gas Conservation Commission
 COMPONENT Operations

FY 90

Page 1 of 1

Revised Date:

11 0343

INCREMENT/DECREMENT DESCRIPTION (Limit to 98 characters)
 Increase in annual assessment levied on Alaska by the Interstate Oil Compact Commission

AGENCY CONTACT/PHONE NUMBER:

Chat Chatterton 279-1433

DESCRIBE WHY THIS INCREMENT/DECREMENT IS NEEDED AND WHAT IT PURCHASES:

At the July 2, 1986 Business Session in Anchorage, the Interstate Oil Compact Commission (IOCC) adopted a new allocation schedule for individual member state assessments for the Commission's General Fund. As a result of this action, the calendar year assessment for Alaska was revised upward from \$19,000 to \$39,000; a net increase of \$20,000. This increment is needed to maintain the State of Alaska's membership in the Compact in good standing. The Governor serves as Alaska's member, and is current chairman of the Interstate Oil Compact Commission.

The Commission was able to meet Alaska's obligation for the calendar years of 1986, 1987 and 1988 by implementing a 20 percent cut-back in the number and frequency of field inspections. With the increasing field inspection workload imposed by the Underground Injection Control Program, a continuation of the cut-back is no longer a viable option. Our problem is exacerbated by a cut in authorized FY'89 travel funds; a \$10,000 reduction of the funds requested for FY'89.

CODE	EXPENDITURE BY OBJECT	AGENCY REQ.	GOV'S REQ.
100	Personal Services		
200	Travel		
300	Contractual Services	20.0	20.0
400	Supplies		
500	Equipment		
600	Lands, Buildings, Etc.		
700	Grants, Claims, Etc.		
800	Miscellaneous		
TOTAL		20.0	20.0
I-A Transfer (NON-ADD)			
1002	Federal Receipts		
1003	General Fund Match		
1004	General Fund	20.0	20.0
1005	GF/Program Receipts		
1007	I-A Receipts		

POSITION INFORMATION	PFT		
	PPT		
	Non Permanent		
	Staff Months		

<input type="checkbox"/> Enhance Existing Service	<input type="checkbox"/> Formula Program New Facility Oper.
<input type="checkbox"/> Compared to FY 89	
<input type="checkbox"/> New Service Compared to FY 89	
<input type="checkbox"/> Continuation of FY 89	<input type="checkbox"/> Facility Oper.
<input checked="" type="checkbox"/> Service Level	

IMPACT FROM CAPITAL PROJECT (NAME)
 N/A

Chapter _____ SLA _____ Page/Line _____

C5 INCREMENT/DECREMENT REQUEST
 Agency Priority 1 of 1

AGENCY Department of Commerce and Economic Development
 BRU Oil & Gas Conservation Commission
 COMPONENT Operations
 PROJECT _____

FY 90 4043
 Page 1 of 1
 Revised Date: _____

000344

10/06/88

PERSONAL SERVICES EXPENDITURES SUMMARY REPORT

PAGE:

1

DEPT. OF COMMERCE & ECONOMIC DEVELOPMENT SCENARIOS 30 AND 1

BRU: OIL & GAS CONSERVATION COMMISS COMP: AO&GCC ADMINISTRATION

	FY88 ACTUAL	FY89 AUTH	FY90 REQUEST
COSTS			
REG. DUTY COSTS	467331.91	1053636.00	1053636.00
PREMIUM PAY	0.00	0.00	0.00
BENEFITS	263166.22	308541.94	345785.86
LUMP SUM PREM PAY	0.00	0.00	0.00
TOTAL PERSONAL SVCS	1232478.73	1362177.94	1399421.86
FUNDING SOURCES			
GENERAL FUND	1232478.73	1362177.94	1399421.86
OTHER FUNDING	0.00	0.00	0.00
TOTAL FUNDING	1232478.73	1362177.94	1399421.86
PFT POSITIONS	23	23	23
PPT POSITIONS	0	0	0
TEMP POSITIONS	0	0	0
STAFF MONTHS	276.00	276.00	276.00
VACANCY FACTOR		54477.95 (3.99933%)	55721.02 (3.98172%)
LINE 100	1232478.73	1307699.99	1343700.84

0345

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10:30:37.9

PERSONAL SERVICES EXPENDITURES DETAIL REPORT

PAGE:

DEPT. OF COMMERCE & ECONOMIC DEVELOPMENT SCENARIO: 1 (FY90 AGENCY SCENARIO 1)

BRU NAME: OIL & GAS CONSERVATION COMMISSION

COMPONENT #: 08 4602500100 NAME: AD&GCC ADMINISTRATION

PCN	JOB CLASS TITLE	T	LOCATION NAME	R	B	S	R&S	MOS	ANNUAL BUDG	ANNUAL SALARY	PREMIUM PAY	ANNUAL BENEFITS	TOTAL PERS. SVCS	GEN. FUND AMOUNT
-----	-----------------	---	---------------	---	---	---	-----	-----	-------------	---------------	-------------	-----------------	------------------	------------------

0100	STATISTICAL TECHNICIAN I	F	ANCHORAGE	A	G	A	12L	12.00	32424		0	12553	44977.10	44977
0101	STATISTICAL TECHNICIAN I	F	ANCHORAGE	A	G	A	12F	12.00	29196		0	11838	41034.42	41034
0102	ADMINISTRATIVE ASST I	F	ANCHORAGE	A	G	A	12F	12.00	29196		0	11838	41034.42	41034
0103	CLERK TYPIST III	F	ANCHORAGE	A	G	A	08D	12.00	21420		0	10116	31536.82	31536
0104	MICROFILM EQUIP OP II	F	ANCHORAGE	A	G	A	12D	12.00	27288		0	11415	38703.99	38703
0105	CLERK TYPIST II	F	ANCHORAGE	A	G	A	07B	12.00	19032		0	9588	28620.11	28620
0106	MICROFILM EQUIP OP I	F	ANCHORAGE	A	G	A	10F	12.00	25620		0	11046	36666.70	36666
0150	COMMISSIONER O & GCC	F	ANCHORAGE	A	X	A	27E	12.00	74472		0	20154	94626.19	94626
0151	COMMISSIONER O & GCC	F	ANCHORAGE	A	X	A	27D	12.00	71880		0	19748	91628.03	91628
0152	COMMISSIONER O & GCC	F	ANCHORAGE	A	X	A	27D	12.00	71880		0	19748	91628.03	91628
0153	Petro Geol Assistant	F	ANCHORAGE	A	X	A	16B	12.00	33816		0	12801	46617.29	46617
0155	SR PETRO GEOLOGIST	F	ANCHORAGE	A	X	A	24F	12.00	66816		0	18954	85770.50	85770
0156	SR PETRO ENGINEER	F	ANCHORAGE	A	X	A	24F	12.00	66816		0	18954	85770.50	85770
0158	SR PETRO ENGINEER	F	ANCHORAGE	A	X	A	24F	12.00	66816		0	18954	85770.50	85770
0160	SR PETRO RES ENGINEER	F	ANCHORAGE	A	X	A	24F	12.00	66816		0	18954	85770.50	85770
0161	PETROLEUM INSPECTOR	F	ANCHORAGE	A	X	A	21E	12.00	52548		0	16718	69266.70	69266
0162	PETROLEUM ENGINEER ASST	F	ANCHORAGE	A	X	A	16B	12.00	33816		0	12801	46617.29	46617
0163	PETROLEUM INSPECTOR	F	ANCHORAGE	A	X	A	21E	12.00	52548		0	16718	69266.70	69266
0164	PETROLEUM INSPECTOR	F	ANCHORAGE	A	X	A	21E	12.00	52548		0	16718	69266.70	69266
0165	Petro Research Analyst Asst	F	ANCHORAGE	A	X	A	18E	12.00	42984		0	14831	57815.08	57815
0167	EXECUTIVE SECRETARY	F	ANCHORAGE	A	X	A	12F	12.00	29340		0	11810	41150.30	41150
0169	Petro Geol Assistant	F	ANCHORAGE	A	X	A	16B	12.00	33816		0	12801	46617.29	46617
0170	PETROLEUM INSPECTOR	F	ANCHORAGE	A	X	A	21E	12.00	52548		0	16718	69266.70	69266

COLUMN TOTALS: 1053636 0 345785 1399421.86

FULL TIME POSITIONS	23
PART TIME/SEASONAL POSITIONS	0
NON PERMAHENT POSITIONS	0
OTHER.....	0
=====	23

TOTAL PERSONAL SERVICES	1399421.86
PLUS LUMP SUM PREMIUM PAY	0.00
SUB-TOTAL	1399421.86
MINUS 3.98172 % VACANCY ADJUSTMENT	55721.06
=====	1343700.80

NUMBER OF POSITIONS IN COMPONENT 4602500100 = 23 (INCLUDES 0 BUDGETED NEW POSITIONS)

PERSONAL SERVICES, LINE 100 1343700.80

STAFF MONTHS: 276.00

FUNDING DATA: 1004 (GENERAL FUND)

1399421.86

TOTAL FUNDING: 1399421.86

C-100

Pg 1 of 1

0.0340

CODE	TRAVEL AND MOVING CLASSIFICATION	PRIOR YEAR FY 88 ACTUAL	CURRENT YEAR FY 89 AUTHORIZED	BUDGET YEAR - FY 90		
				ADJUSTED BASE	INCREMENT/ DECREMENT	AGENCY REQUEST
72240	Field Travel	23.8	40.0	40.0		40.0
72270	Administrative Travel		2.0	2.0		2.0
72300	Conventions and Meeting Travel		3.0	3.0		3.0
72330	Boards, Commissions and Legislators Travel					
72360	Moving or Relocation Expense					
72390	Non-Employee Travel					
72500	Per Diem	25.2	43.0	43.0		43.0
72800	Honorarium/Stipends					
72000	TOTAL TRAVEL AND MOVING	49.0	88.0	88.0		88.0
	INTER-AGENCY TRANSFERS (NON-ADD)					

CODE	EXPLANATION	ADJUSTED BASE	INCREMENT/ DECREMENT
72240	Provides funding for field inspections of drilling, production, injection and metering operations to ensure compliance with regulations.	40.0	
72270	Provides funding for travel to Juneau for Legislative hearings etc.	2.0	
72300	Provides funding for out-of-state travel to represent Alaska at Interstate Oil Compact Commission (IOCC) and Underground Injection Practices Council (UIPC) meetings	3.0	
72500	Provides per diem for field inspections, administrative and meeting travels.	43.0	
72000	TOTAL	88.0	

C200 TRAVEL AND
MOVING

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CODE	CONTRACTUAL SERVICES CLASSIFICATION	PRIOR YEAR FY 88 ACTUAL	CURRENT YEAR FY 89 AUTHORIZED	BUDGET YEAR - FY 90		
				ADJUSTED BASE	INCREMENT/ DECREMENT	AGENCY REQUEST
73100	Professional Services	1.1	5.0	5.0		5.0
73253	DP Chargeback (DOA)					
73300	Communication	18.1	13.0	13.0		13.0
73400	Transportation					
73420	Transportation - State Equipment Fleet Fees	26.3	26.0	26.0		26.0
73500	Advertising, Printing and Binding	10.7	5.0	5.0		5.0
73600	Public Utilities Services	15.9	18.0	18.0		18.0
73700	Minor Repair and Maintenance	29.7	24.3	24.3		24.3
73800	Rental for Land, Buildings and Space	1.8	5.0	5.0		5.0
73860	Rental for Machinery and Equipment	2.5	9.0	9.0		9.0
73900	Other Expenditures and Services	60.7	22.1	22.1	20.0	42.1
73000	TOTAL CONTRACTUAL	167.5	127.4	127.4	20.0	147.4
	INTER-AGENCY TRANSFERS (NON-ADD)	13.7	13.7	13.7		13.7

CODE	EXPLANATION	ADJUSTED BASE	INCREMENT/ DECREMENT
73100	<u>Professional Services</u> : Provide funding for Software analysis and improvement	5.0	
73300	<u>Communications</u> : Provides funding for telephone, telegraph, data communication, paging and answering services. Also includes funding for postage.	13.0	
73420	<u>State Equipment Fleet Fees</u> : Provides funding for one Class IIID stationwagon for Anchorage office support and one pick-up rental at Deadhorse for ground transportation inspection needs.	26.0	
73500	<u>Advertising, Printing and Binding</u> : Provides funding for legal notices, court reporting services for commission hearings, photo processing, subscriptions, and reproduction of forms, regulations, drawings and maps.	5.0	
73600	<u>Public Utilities Services</u> : Telephone, electricity, heat.	18.0	

C300 CONTRACTUAL
SERVICES

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CODE	EXPLANATION	ADJUSTED BASE	INCREMENT/ DECREMENT
73700	<u>Minor Repair and Maintenance:</u> Provides funding for maintenance contracts covering data and word processing equipment including modems and terminals as well as microfilm camera, copiers, and postage meter. Also provides funds for repair and maintenance of telephone system, furniture and office equipment.	24.3	
73800	<u>Rental for Land, Buildings and Space:</u> Provides funding for all utility services, repair and upkeep, janitorial and caretaker service, etc. for State Office Building #106654 including maintenance of the building's mechanical equipment and the grounds.	5.0	
73860	<u>Rental for Machinery and Equipment:</u> Provides funding for lease of Ricoh Copiers, postage meter, Display-writers and telecopier. Also funds occasional charters of fixed and rotor wing aircraft for required well inspections at remote locations.	9.0	
73900	<u>Other Expenditures and Services:</u> Provides funding for State's annual Interscate Oil Compact Commission (IOCC) and Underground Injection Practices Council (UIPC) assessments, risk management, training conference and registration fees.	22.1	20.0
73000	TOTAL Contractual	127.4	20.0

300	ADDITIONAL EXPLANATION FORM
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0 0349

CODE	SUPPLIES AND MATERIALS CLASSIFICATION	PRIOR YEAR FY 88 ACTUAL	CURRENT YEAR FY 89 AUTHORIZED	BUDGET YEAR - FY 90		
				ADJUSTED BASE	INCREMENT/ DECREMENT	AGENCY REQUEST
74220	Office and Library Supplies	10.6	10.7	10.7		10.7
74440	Agricultural Supplies	0.4				
74480	Household and Institutional Supplies	0.1				
74520	Professional and Scientific Supplies	0.3				
74560	Data Processing Supplies	0.3				
74600	Other Operating Supplies	3.6				
74650	Repair and Maintenance Suppl	0.8	2.4	2.4		2.4
74000	TOTAL SUPPLIES AND MATERIA	16.1	13.1	13.1		13.1
	INTER-AGENCY TRANSFERS (NON-ADL)					

CODE	EXPLANATION	ADJUSTED BASE	INCREMENT/ DECREMENT
74220	<u>Office and Library Supplies:</u> Provides funding for general office and library supplies, commodities, photographic, books, maps, and training material.	10.7	
74650	Provides funding for maintenance supplies and minor repairs to Building #106654.	2.4	
74000	TOTAL	13.1	

C400 SUPPLIES AND
MATERIALS

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0850

TYPE OF REVENUE	PRIOR YEAR FY 88 ACTUAL	CURRENT YEAR FY 89 AUTHORIZED	CURRENT YEAR FY 89 CASH ESTIMATE	FY 90 BUDGET YEAR			FY 91 ESTIMATE
				ADJUSTED BASE	INCREMENT/ DECREMENT	AGENCY REQUEST	
RESTRICTED - FEDERAL RECEIPTS	100.0	100.0	100.0	100.0		100.0	100.0
RESTRICTED - INTER-AGENCY RECEIPTS							
RESTRICTED - CIP RECEIPTS							
RESTRICTED - OTHER							
RESTRICTED - OTHER							
RESTRICTED RECEIPTS TOTAL	100.0	100.0	100.0	100.0		100.0	100.0
UNRESTRICTED RECEIPTS	15.6	24.1	14.5	16.1		16.1	16.1
TOTAL RECEIPTS	115.6	124.1	114.5	116.1		116.1	116.1

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**REVENUE
SUMMARY**

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TYPE OF REVENUE:				NAME AND TELEPHONE NUMBER OF AGENCY CONTACT:						
Unrestricted				C. V. Chatterton, Commissioner/Chairman (907) 279-1433						
FUNDING SOURCE	FUND	REVENUE ACCOUNT	COLLOCATION CODE	PRIOR YEAR FY 88 ACTUAL	CURRENT YEAR FY 89 AUTHORIZED	CURRENT YEAR FY 89 CASH ESTIMATE	BUDGET YEAR FY 90			FY 91 ESTIMATE
							ADJUSTED BASE	INCREMENT/ DECREMENT	AGENCY REQUEST	
1004	11100	61500	08462001	14.5	22.5	14.5	14.5		14.5	14.5
1004	11100	64020	08462001	1.1	1.6	1.6	1.6		1.6	1.6
TOTAL				15.6	24.1	16.1	16.1		16.1	16.1

EXPLANATION (SEE INSTRUCTIONS):

(61500) AS 31.05.080 provides that any person desiring to drill a well in search of oil or gas shall pay a fee of \$100.00. We now estimate that 145 applications will be forthcoming in FY 89 and 145 applications in FY 90. Checks are made payable to the Department of Revenue by the applicant and are forwarded to the department for deposit to the General Fund. These receipts are unrestricted and not a funding source for the agency budget.

(64020) 6 AAC 95.130(a) requires members of the public to pay 25 cents per sheet for copies of public documents. Historically, revenue from this source approximates the above estimate. Funds collected are transferred to the Department of Revenue for deposit to the General Fund. These receipts are unrestricted and not a funding source for the agency budget.

6065M

C21a UNRESTRICTED
REVENUE
DETAIL

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TYPE OF REVENUE:				NAME AND TELEPHONE NUMBER OF AGENCY CONTACT:						
Restricted				C. V. Chatterton, Commissioner/Chairman (907) 279-1433						
FUNDING SOURCE	FUND	REVENUE ACCOUNT	COLLOCATION CODE	PRIOR YEAR FY 88 ACTUAL	CURRENT YEAR FY 89 AUTHORIZED	CURRENT YEAR FY 89 CASH ESTIMATE	BUDGET YEAR FY 90			FY 91 ESTIMATE
							ADJUSTED BASE	INCREMENT/ DECREMENT	AGENCY REQUEST	
1002	11100	51010	08462003	100.0	100.0	100.0	100.0		100.0	80.0
TOTAL				100.0	100.0	100.0	100.0		100.0	80.0

EXPLANATION (SEE INSTRUCTIONS):

(51010) E.P.A. Federal Grant to administer Underground Injection Control Program.

6065M-2

C21b RESTRICTED
REVENUE
DETAIL

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